

**BYLAWS
OF
TEXAS ASSOCIATION OF REAL ESTATE INSPECTORS, INC.**

Adopted 30 July 1978
Revised 12 May 1984
Amended September 5, 1986
Amended September 1990
Amended May 1991
Amended September 1993
Amended November 1994
Amended December 1997
Amended January 1999
Revised December 2000
Amended January 2003
Amended January 2004

ARTICLE I

NAME, LOGO AND LOCATION

SECTION 1. The name of this organization shall be the TEXAS ASSOCIATION OF REAL ESTATE INSPECTORS, INC., (hereafter referred to as "Association"). The acronym "TAREI" shall also be considered acceptable usage in referring to the Association.

SECTION 2. The members of the Association may change the name by a majority vote of the membership at any annual meeting.

SECTION 3. The symbol or logo of the Association may hereafter be changed by majority vote of the membership at any meeting where a quorum is present.

SECTION 4. The offices of the Association shall be located in Austin, Texas, and/or in such localities as may be determined by the Board of Directors.

ARTICLE II

PURPOSES

SECTION 1. The following are the purposes for which this Association has been organized.

- A. To unite those engaged in the real estate inspection profession in the State of Texas, for the purpose of exerting a beneficial influence upon the profession and related interests.
- B. To promote and maintain high standards of conduct in the real estate inspection profession as expressed in the Code of Ethics of the Association.
- C. To further the interest in real property inspections, and to provide a unified medium for real estate owners and those engaged in the real estate inspection profession whereby their interests may be safeguarded and advanced.
- D. To encourage and promote, and to sponsor or establish, educational standards and courses for those engaged in the real estate inspection profession as necessary to insure the maintaining of the high educational standards of the Association's members and others engaged in performing real estate inspection.
- E. To designate, for the benefit of the public, those individuals within its jurisdiction authorized to use the term TAREI- "Certified Professional Inspector", "Advanced Inspector," "Inspector", "Engineer Member" or "Broker/Agent" Member as prescribed and controlled by the Association.

SECTION 2. The Association shall never form or enter into any agreement, understanding, combination or any other form of collusion designed to fix prices, suppress competition nor in any other matter restrain or monopolize trade or commerce, nor shall the Association engage in any other act or acts which might be in contravention of law or good business practices.

ARTICLE III

JURISDICTION

SECTION 1. The territorial jurisdiction of the Inspector as a member of the Association shall include the State of Texas.

SECTION 2. Territorial Jurisdiction is defined to mean:

The right and duty to control the use of the term, TAREI "Certified Professional Inspector", "Advanced Inspector," "Inspector", "Engineer Member" or "Broker/Agent" Member subject to the conditions set forth in these Bylaws of the Association.

SECTION 3. Local Chapters. The President with the approval of the Board of Directors may issue a charter to no less than three (3) members of the state association who wish to form a local chapter of the Association. The charter shall state the geographical jurisdiction of the local chapter being recognized as an affiliated organization. The Board of Directors shall have the authority to make rules and regulations for chartering, fixing chapter boundaries, and / or dissolving charters.

- A. Initiation.** At least three (3) Association members operating in a defined geographical area are required to establish a local chapter. The Association members desiring to form a chapter shall have an organizational meeting and elect a nominating committee by majority vote of members present. The nominating committee shall nominate at least one person for each of the following officers of the Executive Committee: Chairman, Vice Chairman, Secretary and Treasurer. One person may serve in two positions only in the case of Secretary and Treasurer. The executive committee may also include an optional Member at Large position.

The local Association members shall then elect the officers by a majority vote. The elected Secretary may then submit an application to the Executive Director of the Association for a charter to be issued to the local chapter, pending approval by the Board of Directors.

Recognized local chapters in existence at the time of the adoption of these revised Bylaws may apply for charter with the existing organization, provided that existing officers include those specified above.

- B. Chapter Bylaws.** Each chapter chartered by TAREI may propose such Bylaws for its operation as it may deem proper, provided that nothing contained therein shall conflict with or contravene these Bylaws. Proposed chapter Bylaws shall be submitted to the Executive Director of the Association. Approval by the Board of Directors of the Association is required for adoption of Bylaws by a local chapter.

- C. Chapter Privileges.** Chapters shall constitute the "grass roots" representation of the Association, and within the limits defined above be entitled to all its rights and privileges. Chapters shall engage in such activities as are consistent with the ideals and Code of Ethics of the Association. Such activities shall be restricted to the geographical boundaries established for the chapter, except as may be authorized by the Board of Directors in consultation with and with the concurrence of all other affected charter areas.

Chapters shall not have any voting privileges in the affairs of the Association except that their individual members are entitled to vote insofar as they are qualified voting members of the Association.

D. Participation. In order to encourage new membership, licensed real estate inspectors should be encouraged to attend regularly scheduled local chapter meetings, regardless of membership status. The Executive Committee of the chapter shall have the power to exclude regular non-member attendees.

Specific benefits provided by the Association should be available only to Association members, particularly if any money or extra effort was expended to develop those benefits. However, certain benefits may be provided to non-members as a revenue generator for a price established by the Executive Committee of the chapter.

E. Revocation and Dissolution. Charters issued by TAREI for local chapters may be revoked at anytime by two-thirds vote of the Board of Directors. Chapters may dissolve the Charter and cease to be a chapter of TAREI by a plurality vote of the chapter.

SECTION 4. Chapter Charter

TEXAS ASSOCIATION OF REAL ESTATE INSPECTORS

CHAPTER CHARTER

Recognizing that the profession of Real Estate Inspection is now more than ever a vital social and economic influence in the State of Texas, the _____ Chapter of the Texas Association of Real Estate Inspectors does hereby dedicate itself to the advancement of the real estate inspection industry, to serve both the public interest and the interest of its members.

I

OBJECTIVES

The _____ Chapter of the Texas Association of Real Estate Inspectors (hereafter TAREI) shall be a non-profit organization, whose objectives shall be to advance the profession of real estate inspection in the area served by the chapter; to aide and contribute to the education of its members, other real estate professionals, and the general public in attaining high inspection standards, both technical and ethical; to provide a local headquarters for a closer association of its members; and to provide for local meetings for its membership.

II

NAME AND LOCATION

Section 1. The name of this organization shall be the _____ Chapter of the Texas Association of Real Estate Inspectors.

Section 2. The area of jurisdiction of the Chapter shall be following counties of the State of Texas:

Section 3. The Executive Committee of the Chapter shall select the location of the Chapter.

III

MEMBERSHIP

Section 1. Only TAREI members in good standing shall be eligible for membership in the Chapter. Any such TAREI member shall be eligible for membership if the member is domiciled in one of the counties in the area of jurisdiction of the Chapter.

Section 2. Local chapters may have additional membership requirements such as local dues. Membership status in local chapters will be governed by Bylaws adopted by the chapter.

IV

RIGHTS OF THE CHAPTER

Section 1. The Association shall not restrict nor interfere with the operation of the chartered chapter in any of the following ways:

1. Shall not dictate its Bylaws except for as necessary to affiliate the Association and the Chapter.
2. Shall not be involved in running the day-to-day affairs of the Chapter.
3. Shall not dictate local meeting places, times, or frequency.
4. Shall not have any approval or disapproval over elections of the Chartered Chapter.

ADOPTION

The Chapter by action of its Executive Committee and upon consent of its membership does hereby affiliate itself with the Texas Association of Real Estate Inspectors as a Chartered Chapter of said Association. The Texas Association of Real Estate Inspectors upon approval by its Board of Directors hereby issues this Charter to the _____ Chapter.

Dated this the _____ day of _____.

Signed in behalf of the Association:

President (year)

Signed in behalf of the Chapter:

Chairman (year)

ARTICLE IV

DEFINITIONS

SECTION 1. Definitions of terms. The purpose of this section is to provide clarity of terms used in these Bylaws.

- A) *Property Condition Inspection* - One paid inspection and written report of the condition of the visible and accessible areas of the following systems and components: Structural, Mechanical, Electrical, Plumbing, and Appliances. The inspection is to be performed in accordance with the Texas Real Estate Commission Inspection Standards of Practice.
- B) *Member in Good Standing* – A member that has in good faith achieved all requirements of the class of membership currently held, and is not delinquent on payment of dues, and has not been found in violation of the Code of Ethics, Bylaws, or the Recommended Minimum Property Inspection Standards as set forth by the Association.

ARTICLE V

MEMBERSHIP

SECTION 1. Membership Classes and Qualifications:

A. Charter Members: A Charter Member shall be conferred upon an individual who has joined, or committed to join, the Association as of May 29, 1978, and who has attended one meeting previously, remained a Member in Good Standing, and shall have all the rights, privileges and obligations of an Inspector Member.

B. Associate Member: An Associate Membership shall be conferred upon an individual who derives an income from the performance of property condition inspections, either partial or complete, full or part-time, upon acceptance of his application.

Requirements: Submit for verification, a completed application, the required application fee, and meet the following requirements:

- Application for inspector approved by the Texas Real Estate Commission.
- Agrees in good faith to subscribe and adhere to the TAREI Code of Ethics and Bylaws.
- Agrees in good faith to fulfill basic education and continuing education required by Texas Real Estate Commission.
- Recommendation by the Membership Committee and approval by a majority vote of the TAREI Board of Directors.

Privileges and Obligations: An Associate Member in Good Standing with TAREI shall have the privilege of attending all general membership meetings and educational programs. In submitting an application, it is understood and agreed that the following limitations are placed on such members:

- Advertise membership as an Associate member in the Association.
- Must attend a minimum of thirty-two (32) classroom hours in TAREI facilitated education seminars to be considered for advancement to a higher level of membership.
- May serve on TAREI committees, but not chair committees or hold elected office.
- An Associate Member must advance to a higher level of membership within four years of the date the Associate Membership is conferred. Members that have not advanced within four years will be downgraded to affiliate member status.

C. Inspector Member: An Inspector Member is an individual who is engaged primarily in the business of performing independent property condition inspections on a full time basis.

Requirements: Submit for verification a written statement with sufficient documentation testifying to meeting the following requirements:

- Has held Associate membership for a minimum of one year
- Has performed a minimum of 200 property condition inspections as verified by the Texas Real Estate Commission
- Has attended a minimum of thirty-two (32) classroom hours in TAREI facilitated education seminars.
- Is currently licensed as a Professional Inspector by the Texas Real Estate Commission.
- Recommendation by the Membership Committee and approval by a majority vote of the TAREI Board of Directors.

Privileges and Obligations: An Inspector Member in Good Standing with TAREI shall be entitled or obligated to:

- Voting privileges.
- Chair committees.
- Hold elected office as at-large director.
- Advertise membership in the Association.
- Take the responsibility to promote and safeguard the Standards, Interests, and Welfare of the Association for himself and those in his charge.

D. Advanced Inspector Member: An Advanced Inspector Member (Level 2) is an individual who is engaged primarily in the business of performing property condition inspections on a full time basis.

Requirements: Submit for verification, a completed application with sufficient documentation and meet the following requirements:

- Has held active membership with the Association for three (3) years consecutively with at least two (2) years in Inspector Member status.
- Has performed a minimum of 750 property condition inspections (A new member with over 1000 inspections may be considered for Advanced Inspector (Level 2) after attending forty-eight (48) classroom hours in TAREI facilitated seminars as a TAREI member
- Has completed at least one hundred forty-four (144) classroom hours including at least thirty-two (32) hours each of structural, mechanical, electrical and appliance course categories as established by the TAREI Education Committee. Eighty (80) classroom hours must be attended in TAREI facilitated seminars as a TAREI member.
- Has, in good faith, subscribed to the Code of Ethics, Bylaws and Recommended Minimum Property Inspection Standards as set forth by the Association.
- Is currently licensed as a Professional Inspector by the Texas Real Estate Commission.
- Be approved by a majority vote of the Board of Directors upon recommendation of the Membership Committee.

Privileges and Obligations: An Advanced Inspector Member of the Association shall be entitled or obligated to:

- Voting privileges.
- Hold elected office.
- Chair Committees.
- Advertise membership in the Association.
- Take the responsibility to promote and safeguard the standards, interests, and welfare of the Association for himself and those in his charge.

E. TAREI - Certified Professional Inspector Member: A TAREI - Certified Professional Inspector, CPI hereafter, shall previously have been a qualified Member in Good Standing of the Association currently holding membership status as an Advanced Inspector Member (Level 2) who can show evidence of having:

Requirements: Submit for verification, a completed application with sufficient documentation and meet the following requirements:

- Performed at least fifteen hundred (1500) property condition inspections.
- Has completed at least three hundred twenty (320) classroom hours including at least forty eight (48) hours each of structural, mechanical, electrical and appliance course categories as established by the TAREI Education Committee. Forty-eight (48) classroom hours must be attended in TAREI facilitated seminars as an Advanced Inspector member.
- Conducted or engaged in the business of providing property condition inspections on a full time basis for a period of at least five (5) years, be a member of this Association for at least five (5) years, with at least two (2) years in Advanced Inspector Member (Level 2) status.
- Passed a written examination required by the Association and monitored by the Association's Director of Education or other designated agency.
- Be approved by a majority vote of the Board of Directors upon the recommendation of the Membership Committee.
- A degree from a recognized institution in an appropriate discipline may be accepted in lieu of the required three hundred twenty (320) hours of approved courses if approved by a majority vote of the Board of Directors upon the recommendation of the Membership and Education Committees.
- Is currently licensed as a Professional Inspector by the Texas Real Estate Commission.
- Has in good faith subscribed to the Code of Ethics, Bylaws and Recommended Minimum Property Inspection Standards as set forth by the Association.

Privileges and Obligations: A TAREI - "Certified Professional Inspector" Member in Good Standing with the Association shall be entitled or obligated to:

- Voting privileges.
- Hold elected office.
- Chair committees.
- Advertise membership in the Association.
- Take the responsibility to promote and safeguard the Standards, Interests, and Welfare of the Association for himself and those with whom he is affiliated.

F. Honorary Member: Honorary Membership shall be conferred upon those individuals recognized for their outstanding contributions to the Association.

Requirements: Be approved by a majority vote of the Board of Directors.

Privileges: Free attendance to all general membership meetings, plus a certificate in recognition of their contributions.

Restrictions:

- No voting privileges.
- Ineligibility for elective offices.
- May advertise as an "Honorary Member" of the Association.

G. Affiliate Member: An Affiliate Membership shall be conferred upon applicants who do not derive an income from the performance of property condition inspections, applicants who are members of other real estate inspector associations or organizations, or members that have been downgraded from associate members.

Requirements: A majority vote of the Board of Directors, upon the recommendation of the Membership Committee, is required for acceptance into the Association or for an associate member to be downgraded to affiliate member.

Privileges and Obligations: An Affiliate Member of the Association shall have the privilege of attending all general membership meetings and educational programs. In submitting an application, it is understood and agreed that the following restrictions are placed on such members:

- No voting privileges.
- Ineligibility for elective offices.
- May advertise as an "Affiliate Member" of the Association only.

H. Retired Member: A Retired Membership may be conferred upon those individuals who have been members in good standing and are no longer active in the inspection industry.

Requirements: Be approved by a majority vote of the Board of Directors.

Privileges: May attend all general membership meetings and educational programs at fees as may be set forth by the Board of Directors.

Restrictions:

- No voting privileges
- Ineligibility for elective office
- May advertise as a "Retired Member" of the Association.

I. Engineer Member: An Engineer Membership shall be conferred upon an individual who holds a license as a professional engineer from the State of Texas and derives income from the performance of property condition inspections, either partial or complete, full or part-time, upon acceptance of his application.

Requirements: Submit for verification, a completed application, the required application fee, and meet the following requirements:

- Is licensed as a professional engineer with the State of Texas
- Agrees in good faith to subscribe and adhere to the TAREI Code of Ethics and Bylaws.
- Recommendation by the Membership Committee and approval by a majority vote of the TAREI Board of Directors.

Privileges and Obligations: An Engineer Member in Good Standing with TAREI shall have the privilege of attending all general membership meetings and educational programs. In submitting an application, it is understood and agreed that the following limitations are place on such members:

- Advertise membership as an Engineer member in the Association.
- Must attend a minimum of eight (8) classroom hours in TAREI-sponsored seminars to maintain membership.
- May serve on TAREI committees, but not chair committees or hold elected office.

Restrictions:

- No voting privileges.
- Ineligibility for elective offices.
- May advertise as an "Engineer Member" of the Association only.

J. Broker/Agent Member: A Broker/Agent Membership shall be conferred upon an individual who holds a license as a real estate broker or real estate agent from the Texas Real Estate Commission and derives income from the sale of real estate, full or part-time, upon acceptance of his application.

Requirements: Submit for verification, a completed application, the required application fee, and meet the following requirements:

- Is licensed as a real estate broker or real estate agent from the Texas Real Estate Commission.
- Agrees in good faith to subscribe and adhere to the TAREI Code of Ethics and Bylaws.
- Recommendation by the Membership Committee and approval by a majority vote of the TAREI Board of Directors.

Privileges and Obligations: A Broker/Agent Member in Good Standing with TAREI shall have the privilege of attending all general membership meetings and educational programs. In submitting an application, it is understood and agreed that the following limitations are placed on such members:

- Advertise membership as Broker/Agent member in the Association.
- Must attend a minimum of eight (8) classroom hours in TAREI-facilitated seminars per year to maintain membership.
- May serve on TAREI committees, but not chair committees or hold elected office.

Restrictions:

- No voting privileges.
- Ineligibility for elective offices.
- May advertise as a "Broker/Agent " member of the Association only.

SECTION 2. Membership Application/Dues Procedures:

The following general procedures shall be required prior to the approval of any applicant for any class of Membership except the Honorary Member:

- A. Application:** Application for membership in the Association shall be in such manner and upon such forms as are hereafter prescribed by the Board of Directors.
- B. Schedule of Dues:** Dues for each class member will be set at such rates as hereafter determined by the Board of Directors.
- C. Dues Payment:** Dues may be paid in two (2) installments, provided however, the first installment is made by the due date indicated in the annual dues statement, and the second installment by not later than three months thereafter. Dues for new applicants must be paid in full upon approval of application for membership for the first year and may then be paid in installments. Pro-rata of dues will be made for new applicants in the following manner. Applications received prior to the date six months before the annual billing due date shall require full annual dues at the rate prescribed at the time of application, and those applications received after that date shall be for one half of the prescribed annual dues. All outstanding dues must be paid in full before a member can be listed in the TAREI Membership Directory for the corresponding dues year.
- D. Special Assessments:** An assessment may be levied by the Board of Directors upon a three-fourths (3/4) vote of the Board members constituting a quorum and eligible to vote. Assessments may be levied to discharge Association obligations, special projects or in case of hardship.
- E. Authority:** Disposition and final action on any membership application shall be at the sole discretion of the Membership Committee and Board of Directors, based on their collective judgment of the facts, and their perception of the applicant's ability to meet the Standards, Ethics, and Public Responsibility inherent in being a member of the Association.
- F. Sale of Firm:** If a member owner sells his firm, its advertising as a TAREI Member must cease unless sold to another TAREI Member qualified as an advertising member.
- G. Advertising:** A member advertising as a TAREI member must include his membership designation, be a member in good standing and hold a membership class authorized to advertise.
- H. Company Advertising:** Companies, partnerships, or corporations may use the TAREI logo and advertising rights only if all inspectors associated with the business and performing inspections in the name of the business are TAREI members in good standing.

SECTION 3. Mandatory Membership and Education Requirements:

- A. Membership:** Membership status shall reside in the individual upon whom it is conferred. No Company, partnership or corporation shall retain the rights inherent to a Member should he leave the company. Another individual representing the company must apply to the Association for a membership classification within ninety (90) days after the loss of the company's Member if the company is to continue to advertise membership in the Association.
- B. Education:** The Board of Directors, upon recommendation of the Education Committee and the Director of Education, will establish a list of approved courses needed for compliance with any of the membership classes and will provide upon request a yearly list of additional courses relating to the inspection industry approved for the members.
- C. Maintaining "Good Standing" Status:** To remain a member in Good Standing in the Association, each member must adhere to all Bylaws, Code of Ethics, educational requirements, and payment of dues.

- D. Conflict of Interest:** Because of the apparent conflict of interest, the membership of any member found to have a financial interest in any repairs that have direct connection to his property inspection or found to have participated in sales or brokerage commissions on a property on which he performed an independent property inspection, shall be immediately revoked. (See Article I. Paragraph E. of the Code of Ethics).

Any commission, finder's fee, referral fee or other compensation from another party as a result of performing a property inspection must be disclosed to the client at the earliest practicable time. Acceptance by the member of such compensation without having disclosed the arrangement to the client will be considered a conflict of interest and membership shall be immediately revoked.

- E. Change in Membership Class:** A majority vote of the Board of Directors, upon recommendation of the Membership Committee, is required to approve an application to a higher level of membership. All Members shall possess the right to petition the Membership Committee for waiver of any requirement under extenuating circumstances, and/or where the intent and purpose of a requirement has been fulfilled for acceptance to a higher level Membership. A majority vote of the Board of Directors, upon the recommendation of the Membership Committee, is required for approval.

SECTION 4. Revocation of Membership:

Membership will be automatically revoked for any of the following reasons:

- A.** Nonpayment of dues in accordance with the schedule published by the Board of Directors.
- B.** Application for membership later revealed to have been untruthful.
- C.** Loss of Texas Real Estate Inspector License.

Membership may be revoked by, two-thirds (2/3) vote of the members of the Board of Directors, for any of the following reasons:

- A.** Violation of TAREI's Code of Ethics.
- B.** Upon finding of guilt in violation of the laws or codes of the State of Texas or of the United States in the conduct of the member's inspection business.

ARTICLE VI

FINANCES

SECTION 1. Membership Dues Schedule:

The schedule of membership dues for each membership class shall be set by the Board of Directors and made available to the membership and may be changed at the discretion of the Board when deemed necessary by a majority vote of the Board constituting a quorum.

SECTION 2. Financial Management:

- A. Deposits:** All monies received by the Association for any purpose shall be deposited to the credit of the Association in a recognized financial institution(s) selected by resolution of the Board of Directors.
- B. Segregation of Dues:** The Treasurer shall record separately, the dues collected and owing the Association.
- C. Expenditures:** The Board of Directors shall administer the finances of the Association, but shall not incur any obligation in excess of available cash on hand without authorization by vote of a majority of all members in good standing.
- D. Petty Cash Fund:** The Board of Directors shall set up a fund to allow for the Executive Director and/or the Director of Education to provide for the payment of day-to-day operations and supplies. The Board shall determine the amount to be maintained in the fund, and monthly accounting shall be made by the Executive Director and/or the Director of Education as well as the Treasurer to the Board and shall be reported with the regular financial report to the Board.

ARTICLE VII

OFFICERS AND DIRECTORS

SECTION 1. Composition of the Officers and Directors:

- A. The elected officers shall be composed of the following: President, President-elect, Vice President – Secretary/Treasurer, Vice President – Education, Vice President – Government and Regulatory Affairs and Vice President – Membership and Member Services. The officers will be elected by the membership of the association and will serve until their successors have been duly elected and assume office. In the event that the position of Director of Education is filled according to Article IX, Section 6 of these bylaws, the position of Vice President – Education will remain vacant.
- B. Any member in good standing who holds a membership classification of Advanced Inspector, C.P.I. or Charter member shall be eligible for nomination and election to any Officer position in this association, provided he shall have served at least one (1) year as a member of the Board of Directors at any time prior to nomination as an officer.
- C. Effective with the nominations to serve the term beginning February 1, 2004, the nominee(s) for President-elect must have served at least two one-year terms as Vice President. The two terms need not be consecutive and need not be of the same Vice Presidential position.
- D. Each elected officer shall take office February 1 and shall serve for a term of one (1) year or until his successor is duly elected.
- E. At-large directors shall be elected for a term of two (2) years.
- F. No President having served one (1) full term shall be eligible for re-election to the same office, until at least one (1) year has elapsed. The Vice Presidents may serve three (3) consecutive one-year terms of office.
- G. The Immediate past President shall remain on the Board for one (1) year following the election of the new president, and shall be designated Chairman of the Past President's Council.
- H. Any member in good standing who holds a membership classification of Inspector, Advanced Inspector, C.P.I. or Charter member shall be eligible for nomination and election to any At-Large Director position.

SECTION 2. Duties of Officers:

The duties of the officers shall be as follows, and such as may be assigned to them by the particular duty of the Secretary to keep the records of the Association and to carry on all necessary correspondence with the Association members:

- A. **President:** The President shall preside at all membership meetings. He shall by virtue of his office be Chairman of the Board of Directors. He shall present, at each annual meeting of the organization, an annual report of the work of the organization. He shall appoint all committees, temporary or permanent. He shall see all books, reports and certificates, as required by law, are properly kept on file. He shall be one of the officers who may sign the checks or drafts of the organization. He shall have such powers as may be reasonably construed as belonging to the chief executive of any organization.
- B. **President-Elect:** The incumbent President-Elect shall succeed automatically to the presidency. The Board of Directors shall delegate his duties to him. The President-Elect shall perform the duties of President in the event of the President's inability to serve.

- C. Vice President – Secretary/Treasurer:** The Vice President – Secretary/Treasurer shall keep the minutes and records of the organization in appropriate books. It shall be his duty to file any certificate required by any statute, federal or state. He shall give and serve all notices to members of this organization. He shall be the official custodian of the records and seal of this organization. He shall attend to all correspondence of the organization and shall exercise all duties incident to the Office of Secretary.

The Vice President – Secretary/Treasurer also shall have the care and custody of all monies belonging to the organization and shall be solely responsible for such monies or securities of the organization. He shall cause to be deposited in a regular bank or trust company a sum not exceeding such amount as deemed adequate by the Directors and balance of the fund of the organization shall be deposited in a savings bank except that the Board of Directors may cause such funds to be invested in such investments as shall be legal for a savings bank in the State of Texas. He must be one of the officers who shall sign checks or drafts of the organization.

He shall render at stated periods as the Board of Directors shall determine a written account of the finances of the organization and such report shall be physically affixed to minutes of the Board of Directors of such meeting.

He shall exercise all duties incident to the Office of Treasurer. The Vice President – Secretary/Treasurer may assign any of the above duties to the Executive Director.

- D. Vice President – Education:** The Vice President – Education shall be in charge of overseeing the education program of the organization, using local volunteers or members of the board of directors as point contacts. He shall be in charge of coordinating the contents and speakers and shall assist with selecting facilities and social activities for seminars.

He shall maintain and constantly add to the list of topics and speakers to ensure fresh and up-to-date material.

He shall be in charge of suggesting and coordinating new seminars as the needs arise or as new ways of conducting seminars or targeting new audiences are developed.

The Vice President – Education shall be free to assign duties to individuals or committees, or to the Executive Director, but shall be responsible for seeing that those duties are carried out.

In the event that the position of Director of Education is filled according to Article IX, Section 6 of these bylaws, the position of Vice President – Education will remain vacant and these duties will be carried out by the Director of Education.

- E. Vice President – Government and Regulatory Affairs:** The Vice President – Government and Regulatory Affairs shall attend or assign a representative to attend all meetings of the Texas Real Estate Commission (TREC), the TREC Inspector Committee, and all legislative sessions deemed of importance to Real Estate Inspectors. He shall keep the board of directors informed concerning state and national events of importance to our industry and shall be in charge of initiating programs, making campaign donations, and coordinating activities needed to insure our presence in the political picture.

- F. Vice President – Membership and Member Services:** The Vice President – Membership and Member services shall provide membership status reports at each meeting of the Board of Directors, including the number of TAREI members of each category, the number of licensed inspectors at each licensing level, a list of members that do not renew their membership, and other information as requested by the Board of Directors. He shall maintain a database of all members with necessary information to provide appropriate contact and demographic data.

He shall be responsible for development and administration of Member Services as requested by the Board of Directors. He shall maintain an inventory of various promotional materials and make them available to members of the Association. He shall be responsible for the Technical Expert Council and the Resource Library. He shall be responsible for soliciting and coordinating vendors at TAREI sponsored events. He shall evaluate opportunities for TAREI participation as a group in various insurance plans and other group savings plans.

The Vice President – Membership and Member Services shall be free to assign duties to individuals or committees, or to the Executive Director, but shall be responsible for seeing that those duties are carried out.

- G. At-Large Directors.** The At-Large Directors shall serve in any capacity at the request of the President, as he deems necessary.

- H. Officers:** Officers shall by virtue of their office be members of the Board of Directors.

No officer shall for reason of his office be entitled to receive any salary or compensation, but nothing herein shall be construed to prevent an officer or director from receiving any compensation from the organization for duties other than as a director or officer.

No two (2) officers or directors may hold elective office concurrently, if said officers or directors are owners, employees or subcontractors of the same firm.

Any elected officer may be removed from office for misconduct or failure to perform his duties upon the recommendation of the Board of Directors, in writing, to the General membership, at least thirty (30) days prior to vote, with a majority vote of the General Members concurring.

SECTION 3. Board of Directors:

The governing body of the Association shall be a Board of Directors comprised of the officers and at-large directors of the Association, the Immediate Past President, the Executive Director and the Director of Education. Officers shall be elected to serve one-year terms. At-large directors shall be elected for a term of two (2) years.

SECTION 4. Election of Officers and Directors:

- A.** At least two (2) months before the annual meeting, a nominating committee of three Members from different geographical areas, one designated as Chairman, shall be appointed by the President with the approval of the Board of Directors, for the purpose of the nomination of new officers. The report of the Nominating Committee shall be mailed to each voting member at least sixty (60) days preceding the annual meeting. The names of alternate candidates for the offices can be submitted to the Chairman of the Nominating Committee provided the nominations are submitted in writing at least forty-five (45) days preceding the Annual Meeting. All nominees must be members in good standing.
- B.** The election of officers and directors shall take place at the annual meeting. Election shall be by written ballot or by Proxy vote provided the proxy is received by the Association Secretary or Executive Director one (1) week prior to the meeting. The written ballot shall contain the names of all candidates and the office for which they are nominated.
- C.** The President, with approval of the Board of Directors, shall appoint an election committee of three (3) members to conduct the election. In case of a tie vote, lot shall determine the issue.
- D.** Two at-large directors shall be elected in even numbered years; two (2) to be elected in odd numbered years. Candidates may be nominated for either Place 1 or Place 2 of the at-large director vacancies and voting members will cast one vote for candidates in Place 1 and one vote for candidates in Place 2.
- E.** The term of office shall begin February 1st of each year for the incoming officers.
- F.** Election to an office shall require a plurality vote of the ballots cast. A quorum must be represented in person or by combination of in person and proxy votes.

SECTION 5. Vacancies:

Vacancies among the officers and the Board of Directors shall be filled by the Board of Directors until the next annual election. Any Officer or Director missing three (3) scheduled meetings in one year shall forfeit his office or directorship, unless excused by the Board of Directors.

ARTICLE VIII

MEETINGS & VOTING

SECTION 1. Annual Meetings:

The Annual Meeting of the Association shall be held during January of each year, the date, place, and hour to be designated by the Board of Directors.

SECTION 2. Meetings of Directors:

The Board of Directors shall designate a regular time and place of meeting. If any individual or group wishes to address the Board on any topic, that individual or group must apply in writing to the Chairman of the Board for a place on the agenda at least three (3) weeks before a regularly scheduled Board meeting stating topic, time required, and which Member(s) will attend. The application to attend may be waived by a majority vote of the Board.

SECTION 3. Notice of Meetings:

Written notice shall be given to every member entitled to participate in meetings at least two (2) weeks preceding all regular meetings.

SECTION 4. Quorum:

A quorum for the transaction of business at an annual meeting shall consist of one-third (1/3) of the members, to include the proxy vote of a member in good standing and eligible to vote, provided it is received at least one week prior to the meeting date.

A quorum for the transaction of business at a meeting of directors shall consist of one-half (1/2) of the directors and officers.

SECTION 5. Meeting Minutes:

The approved minutes of the Board of Directors meeting will be made available to the membership on the Internet website or by mail upon written request.

SECTION 6. Special Meetings:

The President may call special meetings of the Association when he deems it for the best interest of this organization. Notices of such meeting shall be mailed to all members at their addresses as they appear in the membership roll book at least six (6) but not more than ten (10) days before the scheduled date set for such special meeting. Such notice shall state the reason that such meeting has been called, the business to be transacted at such meeting, and by whom called.

SECTION 7. Special Meeting Requirements:

At the request of 50% of the members of the Board of Directors or 50% of the members of the organization, the President shall cause a special meeting to be called, but such request must be made in writing at least twenty (20) days before the requested scheduled date. A proxy vote will be accepted as noted in SECTION 4. Quorum.

SECTION 8. Special Meeting Business:

No other business but that specified in the notice may be transacted at such special meeting.

SECTION 9. General Membership Meetings:

There shall be a minimum of one (1) general membership meeting per year; the date is to be set by the President. The president may call additional regular meetings no less than sixty days between any two meetings.

SECTION 10. Management of Meetings:

All meetings shall be conducted in compliance with *The Roberts Rules of Order*.

SECTION 11. Voting of Members:

- A.** Each member, regardless of class, shall be entitled to one vote on each matter submitted for vote to the members of this Association, except to the extent that the voting rights of members of any class or classes are limited or denied by the Bylaws or by law.
- B.** A member may vote either in person or by proxy executed in writing by the member or his duly authorized attorney-in-fact.
- C.** At each election for officers and directors, every member entitled to vote at such election shall have the right to vote, in person or by proxy for as many persons as there are officers and directors to be elected.
- D.** Voting may be accomplished in person or by proxy at any regularly scheduled meeting or special meeting or by mail-in ballot when such ballot is mailed to all members qualified to vote in any election.
- E.** A majority vote shall be defined as greater than fifty percent (50%).

ARTICLE IX

COMMITTEES

SECTION 1. Standing Committees:

The President shall appoint from among the qualified members, subject to confirmation by the Board of Directors, the following standing committees:

- A. Technical - Tools & Techniques
- B. Ethics & Professional Standards
- C. Public Relations
- D. Bylaws
- E. Editorial Review Board
- F. Geographic Area Development

SECTION 2. Special Committees:

The President shall appoint, subject to confirmation by the Board of Directors, such special committees, as he may deem necessary.

SECTION 3. Organization:

All committees shall be of such size and shall have duties, functions, and powers as may be assigned to them by the President or the Board of Directors, except as otherwise provided in these Bylaws.

SECTION 4. President:

The President shall be, ex-officio, a member of all standing committees and shall be notified of their meetings.

SECTION 5. Professional Assistance:

The Board of Directors may at any time employ outside services to assist with the management of the Association, with the notification of the General Membership, allowing three (3) weeks for membership rebuttal, which shall be duly considered before entering into contract for outside services. The title of such service shall be Executive Director.

SECTION 6. Director of Education:

The Board of Directors may at any time employ a Director of Education to handle the administrative responsibilities necessary to facilitate the requirements set out by the Texas Education Agency (TEA) for Proprietary Schools when such school is established by the Association. The remuneration shall be established by agreement of the Board of Directors and the Director of Education with notification of the General Membership, allowing three (3) weeks for membership rebuttal, which shall be duly considered before entering into a final agreement.

SECTION 7. Employee Review Board:

An Employee Review Board is to be established for the purpose of evaluating the performance of the employees of the Association. The Employee Review Board shall consist of the Chairman of the Past Presidents Council and two additional active members of the Past President's council, appointed by the Chairman. The Employee Review Board shall evaluate the performance of each employee before the end of January each year, and under special circumstances as requested by the Board of Directors. The performance evaluation and any recommendations from the Employee Review Board shall be presented in written form to the President of the Board of Directors.

ARTICLE X

FISCAL AND ELECTIVE YEAR

The fiscal year and elective year of the Association shall be February 1st to January 31st, with newly elected officials taking office February 1st.

ARTICLE X

RULES OF ORDER

Robert's Rules of Order, latest edition shall be recognized as the authority governing the meetings of the Association, its Board of Directors and committees, in all instances wherein its provisions do not conflict with these Bylaws.

ARTICLE XII

AMENDMENTS

These Bylaws may be amended by majority vote of the voting members present and qualified to vote at any meeting at which a quorum is present, or by written proxy received by the Association Secretary in the office of this Association at least one week prior to the meeting, or by the deadline specified in the written call for vote, provided the substance of such proposed amendment or amendments shall be plainly stated in the call for the meeting or the request for written ballot.

The Bylaws may be set in the format for presentation by majority vote of the Board of Directors and proper grammatical or punctuation changes may be made which do not constitute a change in the intent and purpose of these Bylaws.

ARTICLE XIII

TAX EXEMPTION

The operation of the Association shall be conducted in such manner as not to cause a violation of SECTION 501 (c) (6) of the Internal Revenue Code of 1954, nor shall any Bylaw herein or hereafter be valid if it does not comply with the Code provisions as those provisions are now stated or as they may hereafter be amended. Nor shall any action be taken by the members of Board of Directors, which would violate the provisions of the Texas Non-Profit Corporation Act. Nothing herein shall be construed to violate or infringe on the federal and state tax exemptions, nor on the nonprofit corporation charter; and should any such provision herein be so construed, it shall automatically, without the need for voting thereon, be negated and considered null and void and of no legal effect.

ARTICLE XIV

LIMITATION OF LIABILITY

Each person now, previously or hereafter, a director or officer of the Association shall be indemnified by the Association against all expenses reasonably incurred or suffered by said person, in connection with any action, having been, an officer or director of the Association, provided however, that such person seeking indemnification shall not have been adjudicated in any proceeding to have acted in bad faith, maliciously or harming intentionally, the party or parties bringing such action.

ARTICLE XV

GENDER

The use of the masculine gender in these Bylaws shall be construed to mean both masculine and feminine gender.

ARTICLE XVI

PROFESSIONAL STANDARDS COMMITTEE DEFINITIONS AND PROCEDURES

A. Composition: The committee shall be composed of a chairman and a minimum of three sub-chairmen selected from areas of higher concentration of TAREI members. Also, the committee shall have one additional member from each of the areas from which the sub-chairmen are chosen.

B. Jurisdiction and duties: The Professional Standards Committee shall have the authority and duties as follows:

1. To investigate complaints made in writing against any member of TAREI alleging misconduct, negligence, or improper business procedures covered under the Code of Ethics and/or the Bylaws of TAREI.
2. To conduct hearings on such complaints in accordance with procedures as outlined in "C" below, and to make findings and decisions subject to review by the Board of Directors.

C. Complaints of violation of Code of Ethics or Bylaws Procedures:

1. **Filing of complaints:** complaints against any member of TAREI may be filed by either a member of TAREI or a nonmember, in writing, provided that the charges specify the exact nature of the complaint, including the specific misconduct, improper performance, or nonperformance of the member against which the complaint is filed, as well as the exact and precise basis on which the complaint is filed. Complaints cannot be filed against Honorary members.

The written complaint must include the result or consequence, if any, of the alleged misconduct, nonperformance, or improper performance of the member against which the complaint is filed.

Complaints in writing must be filed with the President of TAREI or the Executive Director of TAREI. The President or Executive Director shall promptly send a correct copy of the complaints to the respondent and notify all principals and committee members of the time and place of the hearing.

2. **Investigation of Complaints:** If preliminary investigations so warrant, the chairman shall order a hearing on the complaints to be conducted by the Professional Standards Committee within sixty (60) days after the complaints are filed.
3. **Hearing:** A quorum shall be a majority of the members of the Professional Standards Committee. The principals may introduce such documentary evidence and present such testimony of witnesses, as the committee may deem relevant.

Each principal shall be accorded full opportunity to be heard and counsel may represent them. The deliberations of the committee shall be confidential and conducted outside the presence of the principals. Hearing shall be held within thirty (30) days of receipt of submission of written complaint.

4. **Notification of Findings:** Within thirty (30) days after conclusion of the hearing the committee chairman shall notify the principals in writing of the findings and of the recommendations of the committee. A written copy of the findings shall be forwarded to the Board of Directors.

5. **Decisions of the Board of Directors:** Principals in disagreement with the findings of the Professional Standards Committee may request in writing a review by the Board of Directors of the findings and of the recommendations of the committee. A written copy of the findings and recommendations of the committee shall be forwarded to the Board of Directors. After all considerations, the Board of Directors shall notify the principals, in writing, of their decision.

D. Special Conditions:

1. Neither the Professional Standards Committee nor the Board of Directors will hear complaints against a member if legal action of any type has been initiated or is pending against a member in connection with the same complaint.
2. A complainant will be provided a written procedure for submitting his complaint. Upon receiving such request, TAREI will notify the member against which the complaint is to be filed of such request.
3. A preliminary hearing by the sub-chairman and the committee member in a given area may be held at the request of the member against whom the complaint is filed, if written request for such preliminary hearing is submitted to the President or Executive Director within then (10) days of being notified of the formal hearing of the main body committee.
4. Committee hearings shall be held at the time and place of regular monthly or special meetings.
5. Any member refusing to comply with any of the above procedures shall be notified in writing by the President that such refusal can constitute basis for termination of membership upon vote of the Board of Directors.
6. It should be made clear that the authority of the Board of Directors is limited to suspension of membership on the basis of noncompliance of the Code of Ethics or other SECTIONS of the Bylaws of TAREI.
7. The person filing the complaint will close the file for any complaint upon non-compliance with procedures, unless non-compliance is essentially beyond his control, such as illness or a conflict with previously scheduled commitments.
8. The findings of the Board of Directors on final review of the recommendations of the committee is final and binding and constitutes closing of the file unless extenuating circumstances, in the judgment of the Board of Directors, demand further consideration.
9. Chairman, sub-chairman or members of the Professional Standards Committee shall in no way be influenced by personal considerations or judgments of the member against whom the complaint is files and shall act solely and objectively on the facts and evidences presented.

10. The procedures forwarded to a person wishing to file a complaint shall contain a clear explanation of the limits of the authority of TAREI on its members and shall specifically point out that maximum recommendations of the Committee and/or the Board of Directors shall be limited to the following:
- a. In the case of misconduct, the maximum recommendation will be limited to termination of membership.
 - b. In the case of improper performance (negligence) or nonperformance of TAREI minimum guidelines for inspections, the recommendation will be limited to return of the inspection service fee or correction of the condition stated in the written complaint as the basis of the complaint. Correction of the condition shall be defined as reasonable cost based on current average industry costs for correction.

Any costs for replacement of parts shall be prorated on normal life expectancy of the part. In no case shall the recommendation of the Committee or the Board of Directors include repair or correction of secondary consequences or effect which may be caused by the specific item questioned. The above action will take place only if no other legal action has been initiated.

A written complaint shall have a filed inspection of the condition by at least three (3) member inspectors qualified to give opinions on the questioned condition. The purpose of the inspection team shall be to determine if a component of the basic structure including framing, roof surface, exterior walls and foundation is in need of immediate repair. If immediate repairs are judged to be required, they will give an opinion on whether or not the omission of pointing out such required repairs include clear negligence.

The following are designated what clearly constitutes "in need of immediate repair":

The condition in question clearly and seriously affects the livability and functionality of the building in question.

Required repairs to secondary damage, such as minor sheetrock cracks, brick cracks, separations, etc. in question do not in themselves constitute a serious and clear effect on the livability and functionality of the building in question.

- c. In all complaints the written procedure for filing the complaint shall contain the following statement: An opinion rendered in an inspection report, even when it is later proven to be inaccurate or agreed upon by other qualified inspectors, represents a subjective conclusion and is not intended to represent a statement of fact. A subjective opinion by a member of TAREI in an inspection report, even when clearly established to be inaccurate, cannot constitute a basis for acting by the Professional Standards Committee or the Board of Directors, unless such an opinion is claimed to include negligence and/or inappropriate. Improper or nonperformance of procedures as outlined by the recommended Structural, Mechanical, and/or Electrical Inspection Guidelines of the Association.

Code of Ethics

Preamble

The responsibility of those persons who engage in the business of performing independent inspections of buildings and all such structures involved in a real estate transaction imposes integrity beyond those of a person involved in ordinary commerce.

Each inspector agrees to maintain a high standard of professionalism, independence and fairness in all such actions while in the performance of inspections in a real estate transaction.

Accepting this standard as his own, every inspector pledges himself to observe the spirit of this standard and to conduct his business in accordance with the following Code of Ethics:

ARTICLE I: Inspector-Client Relationship

- A. In accepting employment as an inspector, the inspector shall protect and promote the interests of his client to the best of his ability and knowledge, recognizing that his client has placed his trust and confidence in the inspector.
- B. The inspector shall endeavor always, in the interests of his client and his profession, to maintain and increase his level of knowledge regarding new developments in the field of inspection.
- C. The inspector shall conduct his business in a manner that will assure his client of the inspector's independence from outside influences and interests that might compromise his ability to render a fair and impartial opinion regarding any inspection performed.
- D. The inspector shall maintain and promote fairness in all business transactions with this client, reporting conditions of items inspected using his utmost in judgment, ability and knowledge to protect the rights and interests of his client.
- E. The inspector shall meet the requirements of the Texas Real Estate Licensing Act, where those requirements exceed those listed above.

ARTICLE II: Inspector-Public Relationship

- A. The inspector shall deal with the general public at all times and in all manners in a method that is conducive to the promotion of professionalism, independence and fairness of himself, his business and of the inspection industry.
- B. The inspector shall advertise, conduct business promotions, and generally conduct his marketing activities in a manner that reflects the professionalism, independence and fairness to the profession.
- C. The inspector, in recognizing his obligations to the general public, shall endeavor to maintain a high standard of knowledge and education regarding items that he undertakes to inspect, and further accepts the responsibility of increasing such knowledge at every reasonable opportunity.
- D. The inspector should attempt to assist the general public in recognizing and understanding the need for inspections, regardless of whether he is selected to perform such inspection or not.
- E. The inspector accepts the duty of protecting the public against fraud, misrepresentation or unethical practices in the field of real estate inspections.

ARTICLE III: Inspector-Inspector Relationship

- A. The inspector shall bind himself to the duty of maintaining fairness and integrity in all his dealings with other inspectors and other persons performing real estate inspections.
- B. The inspector should seek no unfair advantage over other inspectors, and should be willing to share with other inspectors the lessons of his experience and studies.

- C.** The inspector should not solicit the services of employees of his fellow inspector, or his competitors, without the knowledge of his fellow inspector or competitor.
- D.** Should an inspector be charged with unethical practices, negligence, misrepresentation, or such alleged breach, and a second inspector has knowledge or information of the alleged breach, the second inspector shall place the facts before the proper tribunal for investigation and judgment.
- E.** The inspector shall conduct his business so as to avoid controversy with other inspectors. However, should a controversy arise between inspectors, said inspectors agree to place the facts before the Professional Ethics Committee of the Association for investigation and recommendations as to resolution of the controversy.
- F.** The inspector shall cooperate with other inspectors to insure the continued promotion of the high standards of the real estate inspection profession, and pledges himself to the continued pursuit of increasing competence, fairness, education and knowledge necessary to achieve the confidence of the public.